Co-operative Housing

Jackson Heights Co-operative Ownership Plan

The Queensboro Corporation

New York City

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COOPERATIVE HOUSING

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Cooperative ownership as applied to the purchase of moderate priced apartments in the city of New York is the outcome of a demand for home ownership. Prior to 1914 the supply of living accommodations was as a rule sufficient to meet the demand, with a consequent rental charge that was favorable to the tenant.

With the advent of the world War and the termination of housing construction, the conditions were completely changed. The factors which have seriously affected the construction of new housing since the Armistice have been thoroughly explained. With an insufficient supply of homes in the city of New York, rents were quickly increased until they reached such a basis that the state legislature in April, 1920, passed Rent Laws to temporarily help the tenants, with a result that no new housing for rental has been started while restrictive legislation prevails.

To meet these conditions the Queensboro Corporation, owner of some 50 odd apartment buildings accommodating 1000 families, presented what is known as the "Jackson Heights Plan of Tenant-Ownership" of apartments, to provide a means by which apartment buildings could be sold to other than speculators, many of whom, were at the time profiteering in rents. Some 30 or more apartment buildings at Jackson

Heights accommodating about 600 families were offered to the tenants and the public for purchase on a cooperative basis.

The success of this plan was immediate and has continued. The majority of the residents of Jackson Heights are now tenant-owners. There are five important reasons for this great home purchasing movement:

1. Increased interest in home owning
2. Good home environment
3. Reasonable prices for accommodations
4. Favorable terms for purchase
5. Protection against increased rents

The general plan may be summarized under four heads:

1. A Cooperative Ownership Plan whereof the entire stock is held by the stockholders in proportion to the number of rooms occupied by them, and all apartments or flats in a given building have been leased to stockholders of such corporation for their own personal, exclusive and permanent occupancy.
2. Each tenant leases an apartment from his own corporation, which lease is antomatically renewable from year to year, thereby giving the tenant-owner permanent possession. The lease may be terminated at the end of any year by proper notice given by the tenant-owner. The premises are then rented by the Corporation in the ordinary way at the prevailing rent.
3. Each tenant-owner pays a monthly rent to his own corporation at the prevailing rental

Apart from the duty of the tenant-owners as directors of the corporation meeting twice a year to declare a dividend, they are relieved from all burden and care in connection with the management of the building. The tenant-owner is living in his apartment at the actual cost of running the building and all rent paid in excess, of this actual cost comes back to him.

Reduction of the Mortgage. The mortgage is reduced annually by a sinking fund taken from the monthly rentals paid in by the tenant-owners.

The mortgage is thus gradually reduced and paid off over a period of years. The rentals also pay all the operating expenses of the building, such as taxes, insurance, heat, janitor service, mortgage interest, light of public halls, water rentals and maintenance and repairs.

Limitation of Each Corporation. By the terms of its charter, each corporation is limited to the ownership, maintenance and improvement of a specific plot of ground and the building thereon. This provision provides against any chance of speculation with the corporate money.

Each corporation elects its own officers, but no officer receives a salary.

Taxes and Assessments Paid. The sale price of each building includes all taxes and assessments paid to the time of passing of the title. The price includes also the paving of the street on which the building is located.

The Advantages of Tenant-Ownership. The advantages of tenant-ownership to the individual tenant-owner may be briefly summarized as follows:

1. A tenant-owner is protected against an increase of rent.
2. A tenant-owner obtains in semi-annual dividends all earnings above the actual fixed charges and operating costs of the building, which is estimated at 7% on the amount he invests in the building.
3. The tenant-owner is protected against undesirable neighbors because he is a director of his own corporation and has a voice with the agent in their selection, and because the leases of the apartments are not assignable without the consent of the corporation and its agent. The tenant-owner may surrender the lease of his apartment at the end of any year on proper notice and still retain his investment in the building.

Tenant-owners have equal rights in all activities, such as tennis courts, golf course, community club, children's playgrounds and community gardens. A tenant-owner is eligible for membership in any of the community activities, subject to the rules of each separate organization. Each tenant-owner is his own judge as to what activities he desires. He may join all or none. There is no solicitation nor assessment unless he participates.

Gas and electricity is metered separately to each individual apartment and is paid for by the occupant. Garage accommodations are paid for by each individual user.

Since the inauguration of this method of selling at Jackson Heights over a year and a half ago, many communications have been received from all parts of the United States inquiring about the plan and expressing favorable opinion regarding it.

The Building and Loan Associations of the United States have done a marvelous work in providing or assisting the purchasers of single-family houses, particularly in the rural communities and in the suburbs; while the Cooperative or Tenant-Ownership Plan of home ownership affords the same opportunity to those who, on account of convenience and economy in time and expense, prefer to live in an apartment.

If the people of the United States can be encouraged to put their savings into home ownership, be it a single family house or an apartment, it will do much to stabilize labor and industry, and will make for better citizenship, and will secure for the family that which is most important.

THE JACKSON HEIGHTS COOPERATIVE OWNERSHIP PLAN

Incorporation

It is proposed to organize a corporation with a capital of $20,000, to hold title to each house, to be known as "154, etc., 25th Street, Inc.," each corporation by its Charter to be limited to the ownership of the building, automatically dissolving when the building is sold. Title is to pass to each separate corporation (subject to a Mortgage of $20,000). Stock to be sold in allotments of $2,000 to each tenant.

Stock

Stock paid for in full to be issued immediately to buyer on passing title. Stock allotted on installment plan to be held by The Queensboro Corporation until paid for. Charter of each company to provide 10 Directors to be elected on cumulative voting plan, thus insuring each stockholder of representation on the Board.

Based on last year's cost of upkeep, including interest on mortgage, coal, taxes, light, fuel, etc., each $2,000 share will earn $12 per month.

Leases

Each shareholder will receive a lease which will insure him of permanent occupancy of his apartment at present rent so long as he wishes to occupy it—with

a provision that by giving notice on the 1st of July in any year he may vacate the lease the following October 1st—in which event the apartment will be let to a new tenant for the benefit of all the stockholders at the then prevailing schedule of rent.

Share in Building Separate from Tenancy

At the time of vacating the premises the shareholder may either retain his share in the building or sell it. The sale of his share in the building, however, does not carry with it the right to the new buyer to lease the apartment—all prospective lessees are to be passed upon by the holding Corporation, or its agent.

The Queensboro Corporation is to act as agent and manager for the houses for a period of seven years at the usual charge of 5% of the rent collected.

Payments

A deposit of not less than $200 is to accompany each application. Balance of cash payment to be made on call at passing of title.

Monthly Cost to Buy and Rental of Colonial Apartments

Plan A—$2,000 Cash	1st & 3rd Floors	2nd Floor	4th Floor	5th Floor
Monthly Rent	$45.00	$47.00	$42.00	$38.00
Estimated Dividend at $12.00 per month	12.00	12.00	12.00	12.00
Net Monthly Payment	$33.00	$35.00	$30.00	$26.00
Plan B—$1,000 Cash—$1,000 Installment				
Monthly Rent	$45.00	$47.00	$42.00	$38.00
Installment $14 per month for 72 months	14.00	14.00	14.00	14.00
Average Interest on unpaid balance 1st year at 6%	4.58	4.58	4.58	4.58
Gross Monthly Payment	$63.58	$65.58	$60.58	$56.58
Estimated Dividend at $12.00 per month	12.00	12.00	12.00	12.00
Net Monthly Payment	$51.58	$53.58	$48.58	$44.58
Plan C—$500 Cash—$1,500 Installment				
Monthly Rent	$45.00	$47.00	$42.00	$38.00
Installment $20 per month for 75 months	20.00	20.00	20.00	20.00
Average Interest on unpaid balance 1st year at 6%	6.90	6.90	6.90	6.90
Gross Monthly Payment	$71.90	$73.90	$68.90	$64.90
Estimated Dividend at $12.00 per month	12.00	12.00	12.00	12.00
Net Monthly Payment	$59.90	$61.90	$56.90	$52.90